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Washington, DC 20006  
202-452-8866 | 202-452-9010 Fax  
www.dsa.org

EXHIBIT  
DATE 3/21/13  
SB 20

March 21, 2013

Montana House Business and Labor Committee

Re: Comments in support of Montana SB 20 related to multilevel distribution companies

Dear Members of the House Business and Labor Committee:

The Direct Selling Association (DSA) would like to voice its support for SB 20, which is available for your consideration. Of particular interest to the industry is a provision in SB 20 requiring multilevel distribution companies to register with the state on an annual basis. Members in good standing of the Direct Selling Association would be exempt from the annual registration requirement.

The Direct Selling Association is the national trade association representing companies that sell their products and services by personal presentation and demonstration, usually in the home. These direct selling companies, with 15.6 million individual direct sellers in the United States, generate nearly \$30 billion each year in domestic sales and \$115 billion in worldwide sales. The nearly 74,000 Montanans who sell for these companies are independent contractors who typically sell on a part-time basis to their neighbors, relatives and friends to supplement their family incomes, generating approximately \$128.4 million in sales each year in Montana.

Before any company becomes a member of DSA, the company undergoes a rigorous, year-long review process conducted to ensure each member meets DSA's high standards for consumer protection and ethical business practices. This process includes reviewing the company's compensation structure, marketing materials, order forms, receipts, policies and procedures, independent contractor agreements, and numerous other items. Once approved as a DSA member, each member is subject to a similar review once every five years to ensure members continue to meet DSA's membership standards. In addition, every DSA member is required to abide by DSA's strict Code of Ethics ([www.dsa.org/ethics](http://www.dsa.org/ethics)).

DSA supports Montana's efforts to ensure its consumers are protected from fraudulent businesses and looks forward to working with the state to help achieve that goal. The Direct Selling Association encourages you to refer SB 20 to the floor with a do pass recommendation.

Sincerely,

A handwritten signature in blue ink that reads "Valerie Hayes".

Valerie Hayes, CAE  
Senior Director, Global Regulatory Affairs  
Direct Selling Association



DIRECT SELLING ASSOCIATION

## DSA Members Adhere to a Rigorous Code of Ethics

To protect both consumers and sellers, the Direct Selling Association (DSA) has established a mandatory Code of Ethics.

An independent Code Administrator, not connected to any member company, investigates and seeks to resolve any complaints to the satisfaction of everyone involved. Members agree to abide by all Code Administrator decisions.

### A Strong Commitment by Members and Sellers

- Prospective members must complete a minimum one-year pending period during which the company's business plan is reviewed to ensure compliance with the Code. Active members must comply with the Code as a condition of continuing membership.
- Each DSA member appoints a Code Responsibility Officer (CRO) who communicates the tenets of the Code of Ethics to employees and their independent salesforce members.
- Displaying the DSA logo is a privilege given only to companies that honor the Code of Ethics. It should be regarded as a pledge to do right and a promise to make a situation right in the event a problem does arise.

### The DSA Consumer "Bill of Rights"

The DSA Code of Ethics establishes that direct sellers must:

- Tell prospective customers who they are, why they are approaching them and what products they are selling.
- Explain how to return a product or cancel an order.
- Respect privacy by calling at a time that is convenient for the customer.
- Promptly end a demonstration or presentation at the customer's request.
- Provide accurate and truthful information regarding the price, quality, quantity, performance and availability of their product or service.
- Offer a written receipt in plain language.
- Provide his or her name and contact information as well as the contact information of the company he or she represents.
- Offer a complete description of any warranty or guarantee.

### How to File a Code Complaint With DSA

- Contact the seller immediately and explain your concerns.
- If the seller cannot or will not correct the problem to your satisfaction, contact the company, explain the situation and outline the steps you would like to see taken.
- If a DSA member company does not resolve your problem, visit the DSA website at [www.dsa.org/ethics/](http://www.dsa.org/ethics/) and file a complaint online, or send a complaint by mail.
- Your information will be forwarded to the DSA Code Administrator who will investigate the situation and contact you directly.



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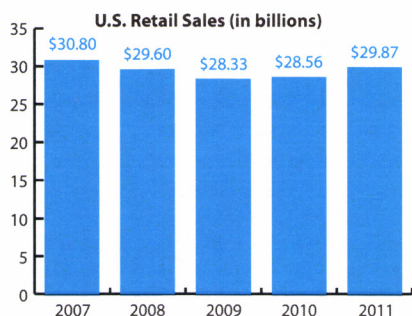
# FACT SHEET

U.S. DIRECT SELLING IN 2011

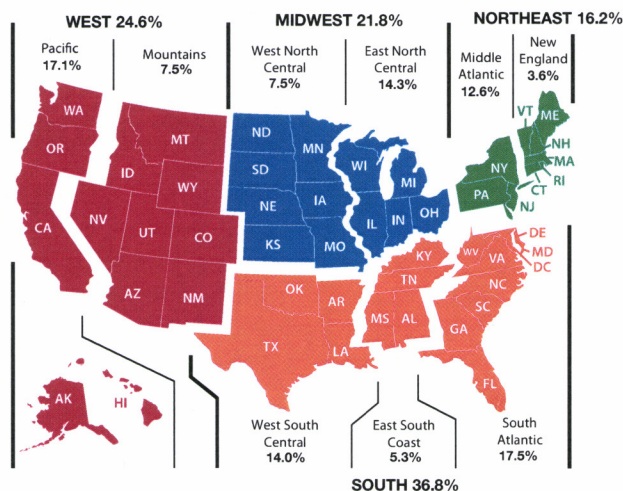


**DIRECT SELLING  
ASSOCIATION**

## 2011 U.S. DIRECT SALES



### PERCENT OF SALES BY CENSUS REGION



Note: Commonwealths and Territories 0.6%

### PERCENT OF SALES BY MAJOR PRODUCT GROUP

	2009	2010	2011
Home & family care/home durables	23.9	24.4	22.6
Wellness (i.e. weight loss products, vitamins, etc.)	22.8	23.0	24.1
Personal care	21.3	19.4	18.2
Services (i.e., travel, real estate, group buying, utilities & financial services) & other	18.4	19.2	20.7
Clothing & accessories	10.3	11.0	12.3
Leisure/educational	3.3	3.0	2.1

### PERCENT OF SALES BY SALES STRATEGY

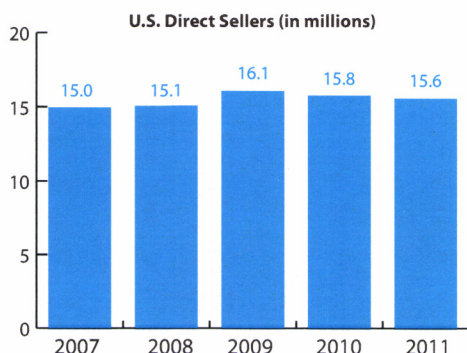
	2009	2010	2011
Individual/person-to-person	64.3	63.5	64.9
Party plan/group selling	25.4	27.9	30.9
Other	10.3	8.6	4.2

### PERCENT OF SALES, DIRECT SELLERS AND FIRMS BY TYPE OF COMPANY COMPENSATION PLAN\*

	Sales	Sellers	Firms
Multilevel	95.4	98.7	95.7
Single level	4.6	1.3	4.3

\*A direct selling company may use a multilevel plan or a single-level plan or both to compensate direct sellers. A direct selling company offering a multilevel compensation plan is classified as multilevel even if it offers a single-level plan as well.

## 2011 U.S. DIRECT SELLERS



Source: 2011 Growth & Outlook Survey Report: U.S. Direct Selling in 2011 and other sources. Find more information online at: [www.dsa.org/statistics/](http://www.dsa.org/statistics/)

\*2010 Direct Sellers by Race data is from the 2010 Growth & Outlook Survey. Race data was not collected in 2011. U.S. Census percentages do not sum to 100% because the category "two or more races" is not shown.

For further information contact

**Amy M. Robinson, Chief Marketing Officer**

### PERCENT OF DIRECT SELLERS BY RACE

	2010	2010 US census*
White non-Hispanic	73.5	63.8
Hispanic	14.2	8.7
Black or African American	7.1	12.6
Asian or Pacific Islander	3.1	4.9
American Indian/Alaska Native	0.5	0.9
Other/unknown	1.6	6.2

### PERCENT OF DIRECT SELLERS BY GENDER

	2008	2009	2010	2011
Female	86.4	82.4	81.8	78.1
Male	13.6	17.6	18.2	21.9

### PERCENT OF DIRECT SELLERS BY TIME WORKED

	2008	2009	2010	2011
Part-time	91.1	92.5	91.1	88.8
Full-time	8.9	7.5	8.9	11.2

More than 16 million Americans have one thing in common—they are direct sellers. Many of them also live in your state. Look inside to find out more about the economic and social impact of

# DIRECT SELLING

[www.dsa.org](http://www.dsa.org)



DIRECT SELLING ASSOCIATION



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## Direct Selling: Providing Opportunity and Empowerment

### What is Direct Selling?

In direct selling, products or services are marketed to customers by independent salespeople in a person-to-person manner away from a fixed retail location. Depending on the company, the salespeople may be called distributors, representatives, consultants or various other titles. Products are sold primarily through in-home demonstrations, parties or one-to-one selling.

### Who is Involved in Direct Selling?

Nearly 16 million people are involved in direct selling in the U.S., and about 91 million participate worldwide. A vast majority of U.S. direct sellers are women. Direct sellers are independent contractors—micro-entrepreneurs whose purpose is to sell the products and/or services of the company they voluntarily choose to represent. More than 90 percent of all direct sellers operate their businesses part time.

### Benefits of Direct Selling

Individuals from all walks of life, and with a wide variety of goals and motivations, become direct sellers. While some direct sellers pursue their businesses as a full-time career, most work less than 10 hours per week; they enjoy the flexibility of direct selling and the ability to earn supplemental income. And the benefits go far beyond financial—many direct sellers value the social contact and recognition they gain from their direct selling efforts.

### Products and Services

Virtually every consumer product or service can be purchased through direct selling. People who purchase through direct selling cite product quality, uniqueness and money-back guarantees as the top reasons for shopping through direct selling. Consumers particularly enjoy the personal service they receive when shopping this way.

**There are nearly  
16 million direct sellers in  
the United States—about 12  
million of them are women.**



### Key Statistics

- Approximate number of direct sellers per Congressional District: **36,000**
- Approximate annual retail sales per Congressional District: **\$68.7 million**
- Total annual economic impact of direct selling in the U.S.: **\$72 billion**
- Estimated federal/state/local tax revenue generated by direct selling companies: **\$6.6 billion**
- Total charitable donations made annually by direct selling companies: **\$90 million**

Retail sales and congressional district data from the DSA Growth & Outlets Survey (representing "active-engaged" sellers). Other data from DSA by Ernst & Young.

## Direct Sellers are Independent Contractors Committed to Sound Business Practices

- **Direct sellers are independent contractors**, not employees, who decide how to manage their own time and businesses, and have been consistently treated as such under the law.
- In 1983 Congress provided direct sellers with statutory status and **recognition as non-employees** in the Internal Revenue Code to ensure direct sellers are treated as independent contractors.
- Direct sellers **are diligent about paying their taxes** and the Direct Selling Association works with the Internal Revenue Service to provide direct sellers with tax-related information that is unique to the direct sales channel.
- **Direct sellers primarily sell their products through neighbors, friends and relatives**—individuals with whom they already have a relationship and who trust them to be honest and transparent in their business transactions.

- Through a commitment to self-regulation and a vigorous enforcement of a membership-wide Code of Ethics, **a culture of consumer protection and high ethical standards** has been established for the direct sales channel and has been embraced by the DSA membership.
- **Direct sellers are guests** in people's homes, schools and offices. They take their responsibilities seriously and apply the highest professional and ethical standards to their business relationships.

### Affiliated Organizations



The **Direct Selling Education Foundation** is a not-for-profit public foundation dedicated to serving the public interest by advancing the direct selling industry's support of consumer rights and protection, education about the industry, ethical leadership and individual economic empowerment.  
[www.dsef.org](http://www.dsef.org)



The **World Federation of Direct Selling Associations** is a non-governmental, voluntary organization globally representing the direct selling industry as a federation of national direct selling associations. [www.wfdsa.org](http://www.wfdsa.org)

### Statistics

- **14%** of direct sellers are Hispanic; **7%** of direct sellers are African American
- **77%** of direct sellers are married; **54%** of direct sellers have children under 18
- **58%** of direct sellers work another job
- The median annual net income of an active direct seller is **\$1,500**
- U.S. sales in 2011 were **\$29.9** billion; worldwide sales were \$154 billion
- More than **73%** of the American public has purchased goods or services through direct selling

*Book Survey: Direct Selling in 2011. Salesforce data from the 2008 National Statistics from the 2004 Socio-Economic Impact Study conducted for*

Interested in learning more  
about direct selling?

**Direct Selling Association**  
[www.dsa.org](http://www.dsa.org)  
[www.directselling411.com](http://www.directselling411.com)

or contact our offices at  
(202) 452-8866

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DIRECT SELLING ASSOCIATION

## A State-by-State Listing of DSA Member Companies

### ALABAMA

Initial Outfitters  
Willow House

### ARIZONA

FreeLife International  
Gold Canyon  
Isagenix International  
Orenda International, LLC  
TriVita, Inc.

### ARKANSAS

Blessings Unlimited

### CALIFORNIA

Arbonne International, LLC  
Beachbody LLC  
Become International, Inc.  
Beijo, Inc.  
Belcorp USA  
Cookie Lee, Inc.  
Enagic USA Inc.  
For Every Home  
Gano Excel USA, Inc.  
Gigi Hill, Inc.  
Global Domains  
International, Inc.  
GNLD International  
Herbalife  
JAFRA Cosmetics  
International, Inc.  
Life Force International  
LifeWave, Inc.  
Nefful U.S.A., Inc.  
Nikken, Inc.  
Noevir USA, Inc.  
Pink Papaya, LLC  
POLA U.S.A., Inc.  
Rodan + Fields Dermatologists  
SeneGence International  
Shaklee Corporation  
Smart Living Company  
Stella & Dot  
Stemtech HealthSciences, Inc.  
Sunrider International  
Symmetry Corporation  
Vantani, Inc.  
WineShop At Home  
YOR Health

### COLORADO

Rendi, Ltd.  
Tomboy Tools, Inc.

### CONNECTICUT

Viridian Network, LLC

### DELAWARE

Traci Lynn Fashion Jewelry

### FLORIDA

Amazon Herb Company  
Carico International  
GeneWize Life Sciences, Inc.

### FLORIDA (CONT'D.)

Jeunesse Global  
Lifemax, Inc.  
The Limu Company, LLC  
SwissJust  
Talk Fusion  
Team National  
Vorwerk USA Co., L.P.

### GEORGIA

Aloette Cosmetics, Inc.  
Initials, Inc.  
Maddy Moo Creations  
Primerica, Inc.

### IDAHO

Kyani  
Melaleuca, Inc.  
Oxyfresh.com/21Ten Inc.  
Scentsy, Inc.

### ILLINOIS

AtHome America Corporation  
John Amico Haircare Products  
lia sophia  
The Pampered Chef  
Paperly  
Signature HomeStyles  
Votre Vu  
World Book, Inc.

### IOWA

Lionne Designs  
Simply Said, LLC

### KANSAS

The Fuller Brush Company  
Silpada Designs

### MARYLAND

Take Shape for Life, Inc.-  
Medifast

### MASSACHUSETTS

Barefoot Books  
Celadon Road, Inc.  
PartyLite Gifts, Inc.  
Phoenix Trading  
Princess House, Inc.  
Traveling Vineyard  
Vantel Pearls in the Oyster  
Zyrra

### MICHIGAN

Amway  
Clever Container  
Demarle At Home, Inc.  
Essential Bodywear  
Loving Works, LLC  
Rexair LLC

### MINNESOTA

Aihu, Inc.  
Conklin Company, Inc.  
Creative Memories

### MINNESOTA (CONT'D.)

Daisy Blue Naturals  
Enzacta USA  
Tastefully Simple, Inc.  
Thrivent Financial at Home

### MISSOURI

Jordan Essentials  
Reliv International, Inc.  
U Design Jewelry

### NEW HAMPSHIRE

Soul Purpose Lifestyle, Inc.

### NEW JERSEY

Dove Chocolate Discoveries  
Rastelli Direct

### NEW YORK

5LINX Enterprises, Inc.  
All Dazzle  
Avon Products, Inc.  
CUTCO/Vector  
Marketing Corporation  
HTE USA  
Stanley Home Products  
Tealightful Inc.

### NORTH CAROLINA

ACN, Inc.  
AZULI SKYE  
Dudley Beauty Corp, LLC

### OHIO

Gourmet Coffee Stations  
The Kirby Company  
The Longaberger Company  
Thirty-One Gifts

### OKLAHOMA

AMS Health Sciences Inc.  
Usborne Books and More

### OREGON

Simplexity Health

### PENNSYLVANIA

3000BC  
H2O at Home  
PM-International Nutrition and  
Cosmetics  
Sabika, Inc.  
Set to a Tea

### RHODE ISLAND

Latasia & Company  
Touchstone Crystal, Inc.  
Wildtree Herbs, Inc.

### SOUTH DAKOTA

Fifth Avenue Collection, Inc.

### TENNESSEE

NSA  
Southwestern Advantage

### TEXAS

AdvoCare International, LP  
Ambit Energy  
Avalla  
Celebrating Home  
HomeTec  
Kitchen Fair (Regal Ware, Inc.)  
Mannatech, Inc.  
Mary Kay Inc.  
Mia Mariu  
NHT Global, Inc.  
Premier Designs, Inc.  
RBC Life  
Saladmaster, Inc.  
(Regal Ware, Inc.)  
Sozo Global, LLC  
Sportron International, Inc.  
Stream Cosmetics, LLC  
Tristar Enterprises, LLC  
Vollara, LLC  
Zermat International, LLC

### UTAH

4Life Research, LLC  
Agel Enterprises, LLC  
Big Planet (Division of Nu  
Skin Enterprises)  
LifeVantage Corporation  
Morinda Bioactives  
Nature's Sunshine  
Products, Inc.  
Neways Worldwide  
Nu Skin Enterprises  
Pharmanex (Division of Nu  
Skin Enterprises)  
Send Out Cards  
Stampin' Up!  
Synergy WorldWide  
Unicity International, Inc.  
USANA Health Sciences, Inc.  
XANGO LLC  
Zrii

### VIRGINIA

Aerus LLC (formerly  
Electrolux LLC)

### WASHINGTON

Rena Ware International, Inc.  
SimplyFun, LLC  
Univera

### WISCONSIN

DeTech, Inc.  
Hy Cite Corporation  
Jockey Person To Person  
L'Bri Pure N' Natural  
Regal Ware, Inc.